

While involved in transistor and electronic production in Korea, and the development of mineral deposits in conjunction with the South Korea Government, Dr. Tyler became interested in finding ways to achieve further development of the vast human resources and talents of the South Korean people, and to attract investment by American businessmen into Korea. The greatest asset seemed to rest in the unusual high quality workmanship of a most willing, inexpensive and vast labor market which was readily available. The first to join him were two close friends from New Hampshire: Isay Friedman, who operated a shoe manufacturing business in Boston; and Murray Samels, President of Kimmerick Discount Stores in Nashua, and formerly with Brookshire Knitting Mills in Manchester, New Hampshire.

They found their way through the three Suh brothers who own the Ambassador Hotel in Seoul, and who had purchased a knitting mill two years ago that had been operating for seven years previously for the European market. The three Americans formed a joint American-Korean enterprise under the name of Pan-Korea Industrial Ltd., and they, with the principals of the South Korean company received official recognition from the government as a means of aiding the country economy. Westar Ltd. is the U.S.A. company with warehousing, design and selling facilities set up in this country. Herbert Rindenow was appointed as General Sales Manager of Westarknits—the sales division of Westar Ltd., located at 1407 Broadway, New York. Mr. Rindenow, heavily experienced in the knit business, was formerly with Globe Knitwear of Philadelphia for 14 years. Mr. Samels became Executive Vice President of Westar Ltd., and Mr. Friedman, the Treasurer of the company. The entry of these American businessmen, together with the large influx of ready capital, enabled the company to invest in machinery and yarn which had been difficult to bring into South Korea. The results have been electrifying.

Mr. Rindenow reported that on August 25th, a shipment of 80,000 hand-loomed, hand-crocheted fall sweaters for women arrived at the Boston warehouse. By September 6th, every single sweater had been bought up by the first few chains and department stores to see the merchandise. The new spring line of fine gauge knits, novelty knits, and bulky knit sweaters opened last week. One chain confirmed an initial order of 2,700 dozen. It is now certain that 10,000 dozen will be sold by October 15th, and by November 30th, over 30,000 dozen will be confirmed for delivery from January through February 1st. It is expected that the capacity of 50,000 dozen sweaters will be fulfilled before Thanksgiving.

According to Dr. Tyler, a new plant is already being built in Seoul consisting of 50,000 square feet and will be ready early in 1967. It will increase employment by 825 people, which will include 200 additional hand-crochet knitters. The present mill has more than 150 hand knitting frames, and employs 450 South Koreans. Planned output will be increased to a minimum of 2,000 dozen sweaters per week in full-fashioned styles. This is feasible because of the abundance of quality hand labor. The mill will also make cut and sewn sweaters and coordinates. Over \$500,000 has already been invested, which is equal to 135 million won in South Korean currency. The labor costs range from three to seven cents per hour to 21 cents, Dr. Tyler said, but living costs are scaled proportionately, and South Korea does not have the galloping inflation problems of other countries.

The United States and South Korean governments are fostering investment in Korea, according to Dr. Tyler, and the U.S. Operations Mission in the American Embassy in Seoul was especially helpful in ironing out the rough spots in initiating so large a venture.

Westar has already opened up distribution facilities and offices in Canada, and is exploring the possibilities of warehousing in New York and California in the near future. The company claims to have unlimited production potential, and is offering full-fashioned, hand-crocheted, and hand-loomed sweaters at incredibly low wholesale prices, considering the detail and quality offered, to retail from \$3.98 to \$12.98. The hand-crocheted sweaters are wholesaling from \$4.75 each in \$7.75 each in 100% acrylics, and hand-loomed sweaters from \$36.00 to \$91.00 per dozen, all full-fashioned.

Mr. Rindenow believes that the company's policy of offering the highest quality sweaters to retailers will ultimately benefit the consumer, while permitting the store higher retail mark-ons. Orders are now being taken on the spring line for December/January delivery.

Mr. BURKE. Our next witness is Mr. Charles I. Rostov. Will you identify yourself?